RESEARCH HIGHLIGHT

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# EVOLVING HOUSING CONDITIONS IN CANADA'S CENSUS METROPOLITAN AREAS, 1991-2001

## INTRODUCTION

This Highlight summarizes the principal findings of *Evolving Housing Conditions in Canada's Census Metropolitan Areas, 1991-2001*, a report produced by CMHC with the assistance of Statistics Canada. The report is one of a series describing trends and conditions in Canada's largest urban areas.[1] The full text of *Evolving Housing Conditions in Canada's Census Metropolitan Areas, 1991-2001* can be obtained free from CMHC's Web site (www.cmhc.ca). A companion set of appendix tables is also available. These tables present data that, owing to space constraints, could not be included in the main report. They allow readers both to explore topics in greater detail and, in those instances where the report focuses on summary benchmark data, to obtain data for individual urban areas. Designed to facilitate further analysis, these tables can be imported into spreadsheets and other software.

*Evolving Housing Conditions in Canada's Census Metropolitan Areas, 1991-2001* examines changes in housing conditions and the forces driving those changes in Census Metropolitan Areas (CMAs) in Canada from 1990 forward.[2] The term "housing conditions" in this context refers to a set of measures summarizing the circumstances in which individual households lived. These measures indicate whether housing is in good physical condition (adequate), whether it is spacious enough for its occupants (suitable), and whether it is affordable. Housing that is acceptable is housing that meets all three criteria. Households that do not live in acceptable housing and do not have sufficient income to access such housing are deemed to be in core housing need.[3]

## FINDINGS

The extent to which Canadians live in acceptable housing largely reflects whether they have sufficient income to pay for such housing. Since market forces play major roles in determining incomes as well as the cost of housing, the report begins with a discussion of demographic and housing market trends, including a summary of changes in house prices, rents, and incomes in metropolitan areas during the 1990s and a review of factors underlying increasing housing demand in the late 1990s. Subsequent sections examine how well households living in CMAs were housed during the period from 1991 to 2001, identifying the proportions occupying adequate, suitable, affordable, and acceptable housing before zeroing in on those in core housing need. The last section shifts the focus from comparing and contrasting CMAs to exploring the distribution in 2001 of core housing need within CMAs and the characteristics of neighbourhoods in which core housing need was most prevalent.

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[1] The Statistics Canada catalogue number for the report is 89-613-MIE, no. 005. The report is part of a series titled *Trends and Conditions in Census Metropolitan Areas*. Published reports in the series can be obtained from Statistics Canada's Web site at www.statcan.ca.

[2] A Census Metropolitan Area is an area consisting of one or more adjacent municipalities situated around a major urban core with a population of at least 100,000.

[3] Readers interested in more detail on these housing standards, acceptable housing, and core housing need should refer to CMHC's *2001 Census Housing Series* of Research Highlights beginning with Issue 2, *The Geography of Household Growth and Core Housing Need, 1996-2001* (Ottawa: Canada Mortgage and Housing Corporation, 2004). The series is available on the CMHC Web site.

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The following are some highlights from each section of the report:

**Demographic and Housing Market Trends, 1990-2003**

- In the late 1990s, population growth rates and components of growth differed widely by CMA. CMAs with relatively high growth, most of them in Ontario and Alberta, gained population through migration.
- Household growth in the 1990s was concentrated in urban centres in British Columbia, Ontario, and Alberta, diminishing in British Columbia in the second half of the decade and accelerating in Alberta.[4]
- During the 1990s, couples with children declined as a proportion of all households in every CMA, while the share of one-person households and lone-parent households generally rose.
- In the late 1990s, the number of new homes built per capita was high in Census Metropolitan Areas with high rates of household growth. These CMAs were primarily in Alberta and Southern Ontario.
- After dropping in the early 1990s, the pace of housing construction increased in most CMAs in the second half of the decade as economic conditions improved.
- The rate of homeownership increased throughout the 1991-2001 period in almost all CMAs. A variety of factors, including accelerating income growth and low and declining mortgage rates, prompted stronger increases between 1996 and 2001 than earlier in the decade.
- As housing demand increased in the late 1990s, supply conditions tightened in most Census Metropolitan Areas. Rental vacancy rates fell, sales-to-listings ratios rose, and new home inventories shrank.
- With demand rising and markets tightening, housing prices and rents increased more rapidly from 1996 to 2003 than in the first half of the 1990s.
- Income growth accelerated in the late 1990s as the economy strengthened. In contrast to the early 1990s, household incomes increased more rapidly than shelter costs.
- As a result of the acceleration in income growth in the late 1990s and declining mortgage rates, households spent proportionately less of their before-tax incomes on shelter in 2001 than in 1996.

**Evolution of Housing Conditions in CMAs, 1991-2001**

- Inadequate housing (housing in need of major repairs) and unsuitable (crowded) housing are both rare. In 2001, over 90 per cent of households living in CMAs reported that their housing was in adequate condition. A similar percentage lived in suitable dwellings.
- Housing that is not affordable is much more common than inadequate or unsuitable housing. In 2001, over 20 per cent of CMA households paid 30 per cent or more of their before-tax incomes on shelter.
- Almost 70 per cent of households in CMAs lived in acceptable housing in 2001.
- Housing conditions in CMAs improved between 1996 and 2001 after deteriorating earlier in the decade. The percentage of households living in suitable dwellings and in affordable dwellings both rose between 1996 and 2001, as did the proportion living in acceptable housing.

**Core Housing Need in CMAs, 1991-2001**

- Improvements in housing conditions from 1996 to 2001 did not completely offset the deterioration experienced between 1991 and 1996, leaving one in six CMA households in core housing need in 2001.
- The level of core housing need in 2001 and changes from 1991 to 2001 differed significantly from CMA to CMA.
- The main hurdle for households in need, especially renters, is finding affordable housing.
- Renters are much more likely to be in core housing need than owners. The percentage of renter households in core housing need in CMAs in 2001 (30 per cent) was three-and-a-half times the percentage of owners in need.

[4] Household growth in this instance refers to the rate of increase of the total number of households (the number of occupied dwellings). It is also known as net household formation.

**Households at High Risk of Housing Need**

- Aboriginal households, particularly renters, have high rates of housing need.
- The incidence of housing need is high for two groups of non-Aboriginal renters: lone-parent households and people who live alone.
- Within these two groups, it is seniors and women who are at high risk of being in core housing need.
- The incidence of core housing need is high among recent immigrant households, especially renters.

**The Distribution of Housing Need Within CMAs**

- Highest-need census tracts[5] account for a disproportionate share of housing need: in 2001, the number of households in need in these tracts was twice the number that would have resulted from an even division of need across highest-need and other neighbourhoods.
- Although frequently found near the centre of CMAs, highest-need neighbourhoods[6] exhibit a variety of spatial patterns with no single one dominating. The report includes maps of the location of highest-need census tracts in ten CMAs.[7]
- Highest-need neighbourhoods differ from other neighbourhoods along a variety of demographic, economic, and physical dimensions:
  - o Compared to other neighbourhoods, highest-need neighbourhoods have lower median incomes and are more dependent on income from government.
  - o They have proportionately larger concentrations of recent immigrants and Aboriginal people and of one-person households and lone-parent families.
  - o Housing in high-need neighbourhoods is much more likely to be crowded or in need of repair than housing in other parts of Canada's CMAs, and the residents of these neighbourhoods spend relatively high proportions of their before-tax incomes to procure shelter.
  - o Among notable physical differences, highest-need neighbourhoods are denser than other neighbourhoods and have relatively few single-detached dwellings.
- The spatial concentrations of Aboriginal households in housing need and of recent immigrant households in housing need are more pronounced than the general concentration of core housing need. The high degree of concentration of these two groups suggests that factors specific to each group, such as proximity to particular services or to friends and family, may influence choice of neighbourhood.

## SUMMARY

*Evolving Housing Conditions in Canada's Census Metropolitan Areas, 1991-2001* is a report produced by CMHC with the assistance of Statistics Canada. It is one of a series describing trends and conditions in Canada's largest urban areas and is available free from CMHC's Web site (www.cmhc.ca), along with a companion set of appendix tables. Data in these tables are formatted to allow further analysis using spreadsheets or other software.

The report develops a statistical picture of housing conditions in Canada's Census Metropolitan Areas and of the market and demographic forces underlying these conditions. It does so by exploring the following areas:

- demographic and housing market trends, 1990-2003;
- evolution of housing conditions in CMAs, 1991-2001;
- core housing need in CMAs, 1991-2001;
- households at high risk of housing need; and
- the distribution of housing need within CMAs.

[5] The report defines highest-need census tracts as the 10 per cent of census tracts in each CMA with the highest incidence of core housing need. Census tracts are small, relatively stable geographic areas defined by local specialists in conjunction with Statistics Canada. Most have populations ranging from 2,500 to 8,000. Boundaries follow recognizable physical features. At the time of their creation, tracts are intended to be of similar socio-economic composition throughout. These criteria do not of course guarantee that tracts match the views of residents concerning their neighbourhood boundaries.

[6] In the report, the terms "highest-need tracts" and "highest-need neighbourhoods" are synonymous.

[7] The ten consist of the nine largest CMAs and Halifax.

## ACKNOWLEDGEMENTS

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In its 2001 Census Housing Series of Research Highlights, CMHC publishes a range of information about housing conditions and core housing need. The first six issues of the 2001 Census Housing Series and their CMHC order numbers are the following:

2001 Census Housing Series: Issue 1 - Housing Affordability Improves (Order # 63285)

2001 Census Housing Series: Issue 2 - The Geography of Household Growth and Core Housing Need, 1996-2001 (Order # 63306)

2001 Census Housing Series: Issue 3 - The Adequacy, Suitability and Affordability of Canadian Housing (Order # 63403)

2001 Census Housing Series: Issue 4 - Canada's Metropolitan Areas (Order # 63584)

2001 Census Housing Series: Issue 5 - Growth in Household Incomes and Shelter Costs, 1991-2001 (Order # 63580)

2001 Census Housing Series: Issue 6 - Aboriginal Households (Order # 63695)

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